



Hector De La Torre

News Release

Assembly Member 50th District

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Legislation Limiting Health Insurance Rescissions Passes Senate Health Committee

Sacramento, Calif. – The Senate Health Committee passed Assembly Bill 1945 by Assemblymember De La Torre (D-South Gate), by a bi-partisan vote of 9 to 1, to halt the vicious pattern by some insurance companies of unjustly rescinding patient's healthcare policies.

De La Torre has played a lead role in the Capitol in preventing wrongful rescissions from insurance companies and protecting consumers from being stranded by their healthcare provider when they need coverage the most.

"The insurance industry has made billions by unfairly canceling health policies, with little to no oversight prior to canceling the policies," said De La Torre. "Our current system is flawed. People who get sick deserve to get coverage for services that they paid for, and anything less is unacceptable."

Assembly Bill 1945 will require health-management organizations to get approval from an independent third party prior to rescinding health care policies. In addition, the bill will authorize the Department of Managed Health Care (DMHC) and the Commissioner of the California Department of Insurance (CDI) to suspend or revoke the license or certificate of a plan or insurer in violation of this prohibition or assess administrative penalties.

Assemblymember De La Torre introduced the bill to address growing criticism from physicians, patients and healthcare advocates. The measure will help create protections for policyholders since it will require the approval of state regulators before carriers drop policyholders for any reason other than nonpayment of premium.

Early this year, two major California health insurance companies announced their support for external review of their decisions to rescind or cancel policies. Since then, the DMHC requested that 1,092 Kaiser Permanente consumers and 85 Health Net consumers be reinstated due to unfair rescissions.

Background:

Last year, De La Torre passed Assembly Bill 1324 which prohibits health insurers from denying payment for treatment they had already approved before rescinding their consumer's policy. Governor Schwarzenegger signed Assembly Bill 1324 into law last fall.

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